

State regulator until the application is either approved, denied, withdrawn, or even if it is just deemed incomplete.

At that point, the transitional authority ceases, so he has to submit a full application. Once he does that, he gets a chance to continue to work under this transitional period.

Again, this is a jobs issue. It will help people move between the two types of institutions, which most Americans don't think about. They just want to make sure they get a mortgage. That is what we need to make sure we facilitate here with commonsense rules.

Sadly, some States have had transitional license authority, but the CFPB does not allow them now to exercise that authority. That is why this bill is necessary. I am really glad that we can allow for that now to make sure that all Americans can get access to homeownership.

I thank Representative SEWELL, Representative BEATTY, all of the members of the House Financial Services Committee, the gentleman from Missouri for his leadership, the gentleman from Texas—the chair of the full committee—for his leadership, and the ranking member of the committee, the gentlewoman from California.

This is indeed a unanimous bill. I urge my colleagues to support it.

Mr. LUETKEMEYER. Mr. Speaker, again, I thank the sponsor of the bill, the gentleman from Ohio (Mr. STIVERS), as well as Ms. SEWELL and Mrs. BEATTY from the other side for their fine work and their support. I appreciate all of the work that was done.

Mr. Speaker, I yield back the balance of my time.

Mrs. BEATTY. Mr. Speaker, I rise today to express support for the SAFE Transitional Licensing Act, H.R. 2121 introduced by my good friend from Ohio, Mr. STIVERS. This bipartisan bill provides much needed, common-sense regulatory relief for mortgage loan originators that levels the playing field, creates job mobility and allows independent mortgage lenders to recruit a talented workforce.

The SAFE Transitional Licensing Act requires states to provide a temporary, transitional license for registered loan originators that move from a financial institution to a state-licensed non-bank originator or move interstate to a state-licensed loan originator. These individuals will be allowed to continue to work and originate loans in their new capacity for up to 120 days, while seeking the appropriate state licenses. This bill addresses the unintended consequences of some of the provisions in the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, which created difficulties when a mortgage loan officer decided to switch jobs from a bank to a non-bank lender, or when a mortgage loan officer decided to move across state lines.

Under current law, mortgage loan originators are required to wait until they receive their new licenses before they can originate loans. Often times, mortgage loan originators are forced to wait weeks, even months, before their new licenses are approved. This unfairly inhibits job mobility for mortgage loan originators and puts independent mortgage lenders at a disadvantage in recruiting talented staff.

The SAFE Transitional Licensing Act amends the SAFE Mortgage Licensing Act to give relief to loan officers, while also allowing state regulators the authority to continue to keep bad actors out of the industry and enforce applicable state laws.

The State of Ohio was the first state to enact a transitional license for out-of-state licensed mortgage loan originators. Now, it is time for Congress to follow Ohio's lead and provide regulatory relief that levels the playing field, creates job mobility and allows independent mortgage lenders to recruit a talented workforce. I urge my colleagues to vote "Yes" for this common-sense piece of legislation.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. LUETKEMEYER) that the House suspend the rules and pass the bill, H.R. 2121, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

FOSTERING INNOVATION ACT OF 2015

Mr. LUETKEMEYER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4139) to amend the Sarbanes-Oxley Act of 2002 to provide a temporary exemption for low-revenue issuers from certain auditor attestation requirements.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4139

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fostering Innovation Act of 2015".

SEC. 2. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.

Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following:

"(d) TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.—

"(1) LOW-REVENUE EXEMPTION.—Subsection (b) shall not apply with respect to an audit report prepared for an issuer that—

"(A) ceased to be an emerging growth company on the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;

"(B) had average annual gross revenues of less than \$50,000,000 as of its most recently completed fiscal year; and

"(C) is not a large accelerated filer.

"(2) EXPIRATION OF TEMPORARY EXEMPTION.—An issuer ceases to be eligible for the exemption described under paragraph (1) at the earliest of—

"(A) the last day of the fiscal year of the issuer following the tenth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;

"(B) the last day of the fiscal year of the issuer during which the average annual gross revenues of the issuer exceed \$50,000,000; or

"(C) the date on which the issuer becomes a large accelerated filer.

"(3) DEFINITIONS.—For purposes of this subsection:

"(A) AVERAGE ANNUAL GROSS REVENUES.—The term 'average annual gross revenues' means the total gross revenues of an issuer over its most recently completed three fiscal years divided by three.

"(B) EMERGING GROWTH COMPANY.—The term 'emerging growth company' has the meaning given such term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

"(C) LARGE ACCELERATED FILER.—The term 'large accelerated filer' has the meaning given that term under section 240.12b-2 of title 17, Code of Federal Regulations, or any successor thereto."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. LUETKEMEYER) and the gentlewoman from Alabama (Ms. SEWELL) each will control 20 minutes.

The Chair recognizes the gentleman from Missouri.

GENERAL LEAVE

Mr. LUETKEMEYER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LUETKEMEYER. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 4139, the Fostering Innovation Act, introduced by the gentlewoman from Arizona (Ms. SINEMA) and the gentleman from Pennsylvania (Mr. FITZPATRICK).

H.R. 4139 extends a narrow exemption to comply with section 404(b) of the Sarbanes-Oxley Act for emerging growth companies that would otherwise lose their exempt status at the end of a 5-year period allowed under current law.

As such, H.R. 4139 is consistent with the bipartisan aims of the JOBS Act to eliminate the one-size-fits-all regulatory structure for public companies.

Under Sarbanes-Oxley, or SOX, section 404(b) requires an independent and external assessment of a public company's internal controls over financial reporting.

While important, this translates into significant legal and compliance costs, driving up an entity's accounting and auditing expenses. In fact, the costs to comply with section 404(b) have far exceeded the original estimates done by the SEC, and even a 2011 SEC study found that the average costs for companies can exceed \$1 million annually.

This burden disproportionately impacts small and emerging growth companies, such as biotech firms that are engaging in lifesaving research and development. My home State of Missouri alone has over 1,300 biotech companies that employ over 28,000 people who conduct groundbreaking research.

Section 404(b)'s costs divert the resources of emerging growth companies to regulatory compliance costs, which

harms the ability of those firms to compete in the global marketplace and to even invest in creating lifesaving treatments and technologies.

Brian Hahn, the chief financial officer of GlycoMimetics, which is a small, public biotech company, testified at a subcommittee hearing on H.R. 4139 on December 2, 2015, that section 404(b) “provides little-to-no insight into the health of an emerging biotech company—but is extremely costly for a pre-revenue innovator to comply with.”

□ 1600

Recognizing these issues, the JOBS Act created an exemption to these external control attestation requirements, which allows small companies to focus on growing their business, going public, and still comply with SOX’s other provisions. Nevertheless, the smallest of public companies still struggle to comply with the significant costs stemming from SOX section 404(b).

Despite claims to the contrary, H.R. 4139 is narrowly tailored to provide regulatory relief to the smallest of public companies, those with less than \$50 million in annual revenue. This legislation provides those companies with an additional on-ramp for section 404(b) compliance. As Mr. Hahn further testified in the Financial Services Committee: “Legislation like the Fostering Innovation Act will ensure that growing companies have the opportunity to be successful on the public market without being forced to siphon off innovation capital to spend on costly compliance burdens that do not inform emerging biotech investors.”

I thank Ms. SINEMA and Mr. FITZPATRICK for their diligent work on the bill, which passed the Financial Services Committee by a broad bipartisan vote.

I encourage my colleagues to provide this badly needed regulatory relief to our Nation’s small innovative companies and join me in supporting H.R. 4139.

Mr. Speaker, I reserve the balance of my time.

Ms. SEWELL of Alabama. Mr. Speaker, I yield myself such time as I may consume.

Today I rise in opposition to H.R. 4139, the Fostering Innovation Act. This bill permits certain public companies that would be valued at more than half a billion dollars to avoid an independent audit required by the Sarbanes-Oxley Act of 2002 for up to a decade.

While I support legislation that would enable emerging growth companies to use valuable resources to remain competitive, stable, and, ultimately, successful, I believe that this bill, as currently drafted, is overly broad and would potentially undermine critical investor protections and impede confidence in our capital markets.

Ultimately, these auditor reports on public companies provide substantial

benefits to investors and to companies. They promote confidence in the U.S. markets, strengthen internal controls, and, ultimately, prevent fraud.

I urge my colleagues to oppose this legislation.

I reserve the balance of my time.

Mr. LUETKEMEYER. Mr. Speaker, I yield 3½ minutes to the gentleman from Pennsylvania (Mr. FITZPATRICK), who is a distinguished member of the Financial Services Committee and chairs the Task Force to Investigate Terrorism Financing.

Mr. FITZPATRICK. Mr. Speaker, I thank Chairman LUETKEMEYER for yielding time to highlight the importance of this bipartisan legislation to assist the innovators and the job creators who drive our economy and are those who continue to position the United States as a global leader in research and a global leader in development.

Mr. Speaker, during a previous Congress, the Financial Services Committee heard testimony from one of my constituents, the CEO of a Philadelphia-based pharmaceutical and biotechnology firm which, at the time, employed around 55 individuals. For this firm and for many emerging growth companies focused on groundbreaking technologies, it could take more than a decade to see a profit; but because of top-line numbers, these companies are required to comply with costly regulations meant to ensure that the largest corporations are playing by the rules.

While Congress has made some efforts to reduce some of these regulatory burdens in the past, like the JOBS Act of 2012, it created an effective yet one-size-fits-all approach to exempt certain companies for up to 5 years from section 404(b) of Sarbanes-Oxley, which, of course, as we heard, requires the hiring of an external auditor in some cases. Unfortunately, a small group of companies remain unprofitable even after this period of time.

This bipartisan Fostering Innovation Act works to address this shortcoming by providing targeted relief from these costly regulations and requirements, allowing our American firms to focus on what they do best: innovation, breakthroughs, and curing diseases. By extending the waiver period for smaller companies that meet specific requirements, Washington gets out of the way and allows these firms to better compete in critical research and development in an increasingly globalized and competitive world. That is it.

I want to applaud Chairman HENSARLING and the rest of the committee, especially my colleagues, Ms. SINEMA of Arizona, who is the bill’s sponsor, and Representative DELANEY. We came together to find bipartisan solutions that address regulatory burdens for our emerging growth companies, and it is my hope that, with this spirit of cooperation, we will be able to find new issues to tackle and continue to show

the American people that this House can govern and foster an economy that works for everyone.

I urge my colleagues to support this measure.

Ms. SEWELL of Alabama. Mr. Speaker, I include in the RECORD letters of opposition from Americans for Financial Reform, Public Citizen, and the SEC Investor Advocate.

AMERICANS FOR FINANCIAL REFORM,
Washington, DC, May 23, 2016.

DEAR REPRESENTATIVE: On behalf of Americans for Financial Reform, we are writing to reiterate our opposition to H.R. 4139, the “Fostering Innovation Act”

This legislation would double the length of the existing exemption from compliance with Sarbanes Oxley Section 404(b) for “emerging growth companies”, from five years to ten years. The exemption granted in H.R. 4139 applies to companies with \$50 million or less in annual gross revenues.

Section 404(b) of Sarbanes-Oxley requires the auditor of a public company to attest to the accuracy of the company’s financial reporting. This requirement was passed in response to the accounting scandals of the late 1990s, which revealed widespread deception and fraud in financial reporting. More recent research by the GAO has found that companies exempted from auditor attestation requirements have a higher frequency of accounting restatements, indicating that the financial reporting at such companies is deficient. Such accounting restatements are harmful both to investors and to the companies themselves, by virtue of making it harder to raise capital.

We believe that the five year exemption provided for in the JOBS Act is already ample time for a publicly held company with tens of millions of dollars in revenue to develop the capacity to provide fully reliable and accurate financial statements. Ten years is an excessively long exemption. This is especially true given the significance to the public and the financial markets of accurate financial reporting. Congress should reject H.R. 4139.

Thank you for your consideration.

Sincerely,

AMERICANS FOR FINANCIAL REFORM.

Following are the Partners of Americans for Financial Reform—All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

AARP, A New Way Forward, AFL-CIO, AFSCME, Alliance For Justice, American Income Life Insurance, American Sustainable Business Council, Americans for Democratic Action, Inc, Americans United for Change, Campaign for America’s Future, Campaign Money, Center for Digital Democracy, Center for Economic and Policy Research, Center for Economic Progress, Center for Media and Democracy, Center for Responsible Lending, Center for Justice and Democracy, Center of Concern, Center for Effective Government, Change to Win, Clean Yield Asset Management, Coastal Enterprises Inc., Color of Change, Common Cause, Communications Workers of America, Community Development Transportation Lending Services, Consumer Action, Consumer Association Council, Consumers for Auto Safety and Reliability, Consumer Federation of America, Consumer Watchdog, Consumers Union, Corporation for Enterprise Development, CREDO Mobile, CTW Investment Group, Demos, Economic Policy Institute, Essential Action.

Green America, Greenlining Institute, Good Business International, Government Accountability Project, HNMA Funding Company, Home Actions, Housing Counseling Services, Home Defenders League, Information Press, Institute for Agriculture and Trade Policy, Institute for Global Communications, Institute for Policy Studies: Global Economy Project, International Brotherhood of Teamsters, Institute of Women's Policy Research, Krull & Company, Laborers' International Union of North America, Lawyers' Committee for Civil Rights Under Law, Main Street Alliance, Move On, NAACP, NASCAT, National Association of Consumer Advocates, National Association of Neighborhoods, National Community Reinvestment Coalition, National Consumer Law Center (on behalf of its low-income clients), National Consumers League, National Council of La Raza, National Council of Women's Organizations, National Fair Housing Alliance, National Federation of Community Development Credit Unions, National Housing Resource Center, National Housing Trust, National Housing Trust Community Development Fund, National NeighborWorks Association, National Nurses United, National People's Action, National Urban League, Next Step, OpenTheGovernment.org, Opportunity Finance Network, Partners for the Common Good, PICO National Network, Progress Now Action, Progressive States Network.

Poverty and Race Research Action Council, Public Citizen, Sargent Shriver Center on Poverty Law, SEIU, State Voices, Taxpayer's for Common Sense, The Association for Housing and Neighborhood Development, The Fuel Savers Club, The Leadership Conference on Civil and Human Rights, The Seminal, TICAS, U.S. Public Interest Research Group, UNITE HERE, United Food and Commercial Workers, United States Student Association, USAction, Veris Wealth Partners, Western States Center, We the People Now, Woodstock Institute, World Privacy Forum, UNET, Union Plus, Unitarian Universalist for a Just Economic Community.

LIST OF STATE AND LOCAL PARTNERS

Alaska PIRG, Arizona PIRG, Arizona Advocacy Network, Arizonans For Responsible Lending, Association for Neighborhood and Housing Development, NY, Audubon Partnership for Economic Development LDC, New York, NY, BAC Funding Consortium Inc., Miami, FL, Beech Capital Venture Corporation, Philadelphia, PA, California PIRG, California Reinvestment Coalition, Century Housing Corporation, Culver City, CA, CHANGER, NY, Chautauqua Home Rehabilitation and Improvement Corporation (NY), Chicago Community Loan Fund, Chicago, IL, Chicago Community Ventures, Chicago, IL, Chicago Consumer Coalition, Citizen Potawatomi CDC, Shawnee, OK.

Colorado PIRG, Coalition on Homeless Housing in Ohio, Community Capital Fund, Bridgeport, CT, Community Capital of Maryland, Baltimore, MD, Community Development Financial Institution of the Tohono O'odham Nation, Sells, AZ, Community Reinvestment Loan and Investment Fund, Atlanta, GA, Community Reinvestment Association of North Carolina, Community Resource Group, Fayetteville A, Connecticut PIRG, Consumer Assistance Council, Cooper Square Committee (NYC), Cooperative Fund of New England, Wilmington, NC, Corporacion de Desarrollo Economico de Ceiba, Ceiba, PR, Delta Foundation, Inc., Greenville, MS, Economic Opportunity Fund (EOF), Philadelphia, PA, Empire Justice Center, NY, Empowering and Strengthening Ohio's People (ESOP), Cleveland, OH, Enterprises, Inc., Berea, KY, Fair Housing Contact

Service, OH, Federation of Appalachian Housing, Fitness and Praise Youth Development, Inc., Baton Rouge, LA, Florida Consumer Action Network, Florida PIRG, Funding Partners for Housing Solutions, Ft. Collins, CO, Georgia PIRG, Grow Iowa Foundation, Greenfield, IA, Homewise, Inc., Santa Fe, NM, Idaho Nevada CDFI, Pocatello, ID, Idaho Chapter, National Association of Social Workers, Illinois PIRG, Impact Capital, Seattle, WA, Indiana PIRG, Iowa PIRG, Iowa Citizens for Community Improvement, JobStart Chautauqua, Inc., Mayville, NY, La Casa Federal Credit Union, Newark, NJ, Low Income Investment Fund, San Francisco, CA, Long Island Housing Services, NY, MaineStream Finance, Bangor, ME, Maryland PIRG, Massachusetts Consumers' Coalition, MASSPIRG, Massachusetts Fair Housing Center, Michigan PIRG.

Midland Community Development Corporation, Midland, TX, Midwest Minnesota Community Development Corporation, Detroit Lakes, MN, Mile High Community Loan Fund, Denver, CO, Missouri PIRG, Mortgage Recovery Service Center of L.A., Montana Community Development Corporation, Missoula, MT, Montana PIRG, New Economy Project, New Hampshire PIRG, New Jersey Community Capital, Trenton, NJ, New Jersey Citizen Action, New Jersey PIRG New Mexico PIRG, New York PIRG, New York City Aids Housing Network, New Yorkers for Responsible Lending, NOAH Community Development Fund, Inc., Boston, MA, Nonprofit Finance Fund, New York, NY, Nonprofits Assistance Fund, Minneapolis, MN, North Carolina PIRG, Northside Community Development Fund, Pittsburgh, PA, Ohio Capital Corporation for Housing, Columbus, OH, Ohio PIRG, OligarchyUSA Oregon State PIRG, Our Oregon.

PennPIRG, Piedmont Housing Alliance, Charlottesville VA, Michigan PIRG, Rocky Mountain Peace and Justice Center, CO, Rhode Island PIRG, Rural Community Assistance Corporation, West Sacramento, CA, Rural Organizing Project, OR, San Francisco Municipal Transportation Authority, Seattle Economic Development Fund, Community Capital Development, TexPIRG, The Fair Housing Council of Central New York, The Loan Fund, Albuquerque, NM, Third Reconstruction Institute, NC, Vermont PIRG, Village Capital Corporation, Cleveland, OH, Virginia Citizens Consumer Council, Virginia Poverty Law Center, War on Poverty—Florida, WashPIRG, Westchester Residential Opportunities Inc., Wigamig Owners Loan Fund, Inc., Lac du Flambeau, WI, WISPIRG.

SMALL BUSINESSES

Blu, Bowden-Gill Environmental, Community MedPAC, Diversified Environmental Planning, Hayden & Craig, PLLC, Mid City Animal Hospital, Phoenix, AZ, UNET.

PUBLICCITIZEN,

Washington, DC., May 23, 2016.

Re Vote NO on H.R. 4139 Fostering Innovation Act of 2015.

HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR HONORABLE MEMBER: On behalf of more than 400,000 members and supporters of Public Citizen, we ask to you to vote no on H.R. 4139 Fostering Innovation Act of 2015. This bill would allow certain firms with up to \$50 million in revenue and \$700 million in capital floats to escape critical scrutiny in audits by doubling the length of their exemption from the requirements set forth in 404(b) of the SarbanesOxley law.

A firm where investors have trusted \$700 million should be willing to be scrutinized under a Section 404(b) audit. A firm that does not want to withstand such scrutiny is the very firm that likely needs such scrutiny

to ensure its financial reporting is not being doctored.

Already the Dodd-Frank Wall Street Reform and Consumer Protection Act provides relief for smaller companies from the audit requirements of Sarbanes-Oxley. Capital markets thrive when companies are held to reasonable standards. That works both for investors as well as entrepreneurs who hope to avail themselves of the capital markets. Extending firms' exemptions from necessary oversight will only lead to less compliance with standards, and more risk.

For questions, please contact Bartlett Naylor, financial policy advocate, at bnaylor@citizen.org.

Sincerely,

PUBLIC CITIZEN.

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,
Washington, DC, May 23, 2016.

Hon. PAUL RYAN,
Speaker of the House, House of Representatives,
Washington, DC.

Hon. NANCY PELOSI,
Minority Leader, House of Representatives,
Washington, DC.

DEAR SPEAKER RYAN AND MINORITY LEADER PELOSI: H.R. 4139, cited as the "Fostering Innovation Act of 2015," is ill-advised, and I urge Members of Congress to vote against it. The bill would allow smaller public companies to avoid the auditor attestation requirement of the Sarbanes-Oxley Act for up to 10 years following an initial public offering.

In a small company, as in a large one, it is management's job to maintain a system of internal controls to help ensure that the financial statements are reliable. A key reform of the Sarbanes-Oxley Act, which followed on the heels of the Enron implosion and other accounting scandals that wreaked havoc on American investors, was to require that a company's auditor attest to management's assessment of the effectiveness of its internal control over financial reporting. This "second set of eyes" helps to identify potential risks of material misstatements and is designed to prevent or detect fraud. Unfortunately, H.R. 4139 would chip away further at the requirement for a second set of eyes, even though auditor attestation enhances reliability of financial reporting for investors, which has been shown to reduce the cost of capital for businesses.

Credible empirical research has established that both investors and companies benefit from having auditors attest to the effectiveness of internal controls. For example, institutional investors rely on the auditor's opinion. Auditor testing uncovers more deficiencies than does management's assessment alone. Moreover, there is a positive correlation between a material weakness in internal control and the future revelation of fraud. Indeed, companies with more serious control problems tend to be smaller, less mature, growing, or rapidly changing. All of this academic research is described at length in the testimony of University of Tennessee professor Joseph V. Carcello on this bill before the Subcommittee on Capital Markets and Government Sponsored Enterprises of the House Financial Services Committee. In addition, a 2011 study published by the staff of the U.S. Securities and Exchange Commission fund that companies that do not have an auditor attestation tend to have significantly more material weaknesses in their internal controls and more financial restatements.

Since the adoption of the Sarbanes-Oxley Act in 2002, several steps have already been taken to significantly reduce the burden on smaller companies from the auditor attestation requirement in Section 404(b). In 2007, for example, the SEC and the Public Company Accounting Oversight Board took steps

to reduce the costs of 404(b) compliance. Later, the Dodd-Frank Act exempted approximately 60 percent of companies from this requirement, and the JOBS Act waived the requirement for emerging growth companies for up to five years. HR 4139 would extend this exemption for up to 10 years for certain issuers, and I believe it is a step too far.

Aside from weakening an important investor protection, H.R. 4139 further compounds the complexity of securities law reporting requirements by creating yet another category of issuers. The development of scaled reporting requirements has resulted in multiple overlapping issuer categories, each eligible for different rules, and that complexity itself adds to the cost of raising capital.

In short, the independent audit of internal controls provides important protections to investors and the companies in which they invest. It strengthens internal controls, prevents fraud, and promotes confidence in U.S. capital markets. I oppose H.R. 4139 because it would further deteriorate the benefits of Section 404, and I strongly encourage you to oppose it as well. Please call me at if you have any questions.

Sincerely,

RICK A FLEMING,
Investor Advocate.

Ms. SEWELL of Alabama. Mr. Speaker, I yield back the balance of my time.

Mr. LUETKEMEYER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Arizona (Ms. SINEMA), a distinguished member of the Financial Services Committee and a sponsor of the bill.

Ms. SINEMA. Mr. Speaker, I thank Chairman HENSARLING and Congressman FITZPATRICK for working with me on this narrow, targeted exemption to provide commonsense, regulatory relief for companies on the cutting edge of scientific and medical research.

I have heard from companies throughout my district that burdensome and unnecessary regulations continue to stifle their ability to grow and succeed. The Fostering Innovation Act allows certain emerging growth companies, including some biopharmaceutical companies, to spend valuable resources on product research and development instead of costly and unnecessary external audits.

Currently, EGCs are exempt from certain regulatory requirements for 5 years after their initial public offering. One of the requirements that EGCs are exempt from is Sarbanes-Oxley section 404(b), which requires public companies to obtain an external audit on the effectiveness of their internal controls for financial reporting. This reporting requirement is costly and unnecessary because management is still required to assess internal controls, and these EGCs, by definition, have very limited public exposure.

H.R. 4139 is a very narrow fix that temporarily extends the Sarbanes-Oxley section 404(b) exemption for an additional 5 years for a small subset of EGCs with an annual average revenue of less than \$50 million and less than \$700 million in public float. This will enable these EGCs to use valuable resources to remain competitive, stable, and, ultimately, successful.

In the biopharma market, making it easier and less costly means greater competition and results in potentially lower drug prices for consumers. Further, nothing in this bill prohibits an external audit if a company or a majority of its shareholders determine an audit is beneficial.

I urge my colleagues to join us in helping to ensure that costly regulations don't stand in the way of success for biopharmaceutical and other companies on the cutting edge of scientific and medical research.

Mr. LUETKEMEYER. Mr. Speaker, I thank Ms. SINEMA and Mr. FITZPATRICK for their fine work on this piece of legislation, which basically is a commonsense piece of legislation to help a lot of our small, biotech companies to be able to do a better job of managing their own funds.

I yield back the balance of my time. The SPEAKER pro tempore (Mr. DUNCAN of Tennessee). The question is on the motion offered by the gentleman from Missouri (Mr. LUETKEMEYER) that the House suspend the rules and pass the bill, H.R. 4139.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

LOREN R. KAUFMAN VA CLINIC

Mr. MILLER of Florida. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1762) to name the Department of Veterans Affairs community-based outpatient clinic in The Dalles, Oregon, as the "Loren R. Kaufman Memorial Veterans' Clinic", as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1762

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. NAME OF DEPARTMENT OF VETERANS AFFAIRS COMMUNITY-BASED OUTPATIENT CLINIC, THE DALLES, OREGON.

The Department of Veterans Affairs community-based outpatient clinic located at 704 Veterans Drive, The Dalles, Oregon, shall after the date of the enactment of this Act be known and designated as the "Loren R. Kaufman VA Clinic". Any reference to such community-based outpatient clinic in any law, regulation, map, document, record, or other paper of the United States shall be considered to be a reference to the Loren R. Kaufman VA Clinic.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. MILLER) and the gentlewoman from Florida (Ms. BROWN) each will control 20 minutes.

The Chair recognizes the gentleman from Florida.

GENERAL LEAVE

Mr. MILLER of Florida. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MILLER of Florida. Mr. Speaker, I yield myself such time as I may consume.

I rise today in support of H.R. 1762, as amended. This legislation was sponsored by my good friend and colleague, Congressman GREG WALDEN of Oregon. It would designate the Department of Veterans Affairs community-based outpatient clinic at The Dalles, Oregon, the Loren R. Kaufman Memorial Veterans' Clinic.

Born and raised in The Dalles, Oregon, Sergeant First Class Loren Kaufman answered the call to serve by enlisting in the United States Army just 1 week after the attack on Pearl Harbor. He went on to serve in combat in both World War II and in Korea, until his death in action on the 10th of February 1951.

Following his death, Sergeant First Class Kaufman was posthumously awarded the Medal of Honor for his actions in Korea in September of 1950, when his company was attacked by an enemy battalion and his platoon was ordered to reinforce the company.

According to the U.S. Army Center of Military History, during the battle that followed, the "dauntless courage and resolute intrepid leadership of Sergeant First Class Kaufman were directly responsible for the success of his company in regaining its positions, reflecting distinct credit upon himself and upholding the esteemed traditions of the military service."

In recognition of that, it is entirely fitting and appropriate that Sergeant First Class Kaufman's life and service be memorialized by naming the VA community-based outpatient clinic in his hometown after him.

H.R. 1762, as amended, satisfies the committee's naming criteria. It is supported by the Oregon congressional delegation. It is supported by many veterans service organizations, including the American Legion, the Veterans of Foreign Wars, the Paralyzed Veterans of America, the Vietnam Veterans of America, and the Military Order of the Purple Heart. I understand that this bill is also supported by the Oregon County Veterans Service Officers Association and the American Red Cross.

I am grateful to Congressman WALDEN for cosponsoring H.R. 1762, as amended, to recognize a true American hero.

I would urge my colleagues to join me in supporting this bill.

I reserve the balance of my time.

Ms. BROWN of Florida. Mr. Speaker, I yield myself such time as I may consume.

I support H.R. 1762, as amended, which names the new veterans clinic in The Dalles, Oregon, in honor of Loren R. Kaufman, a soldier in the United States Army during World War II and the Korean war.

Sergeant First Class Kaufman joined the Army the week after the attack on